



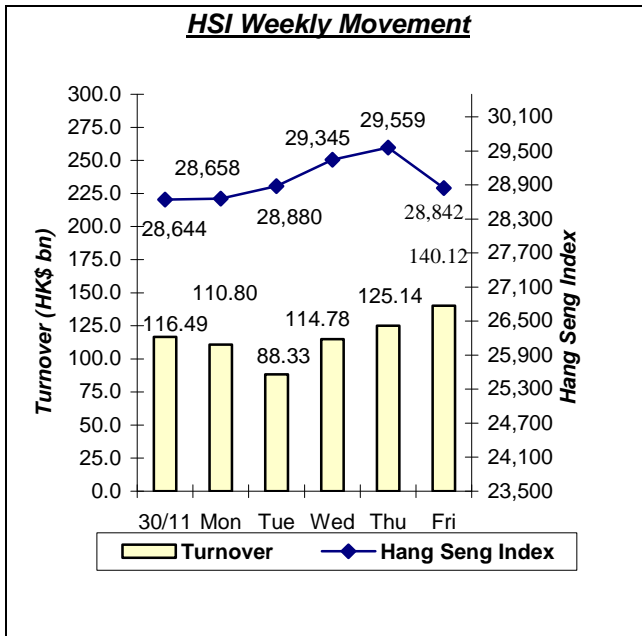
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Weekly Report

7th December 2007

Swaying Investment Sentiments



Weekly Market Statistics

Week ended	07/12/07	30/11/2007	Change	%
Hang Seng Index	28,842	28,644	+199	+0.7%
HS Red Chip Index	6,294	6,283	+11	+0.2%
HS China Enterprises Index	17,619	17,178	+441	+2.6%
HS Composite Index	4,098	4,052	+45	+1.1%
HS HK Composite Index	2,952	2,922	+31	+1.1%
HS Mainland Composite Index	5,511	5,449	+63	+1.2%
Growth Enterprise Index	1,407	1,428	-21	-1.4%
Avg Daily Turnover (HK\$ bn)	140.1	119.5	+21	+17.3%
Sectoral Indices				
Finance	42,118	40,976	+1,142	+2.8%
Utilities	39,721	39,391	+330	+0.8%
Properties	37,218	38,179	-962	-2.5%
Comm & Ind	17,096	17,201	-105	-0.6%

Review & Outlook of Market Performance

The local bourse started the week in a flat tone with lacklustre trade. However, following a plunge in turnover to HK\$ 88.3billion on Tuesday which was the lowest level since 18th September, trading of the market, property sector in particular suddenly became hectic again. On Thursday onwards, series of encouraging news like the stronger US jobs data and plan of the US president George Bush to freeze interest rates on subprime home loans for five years did ease investors' worries about a recession in the US. However, the upward trend reversed again with profit taking and rebalancing activities being recorded in Friday afternoon's trading session. Over the week, the HSI surged 198.86 points (or 0.69%) and the HSCEI rose by 440.54 points (2.56%) at 17,619.03, with average daily turnover of HK\$115.831 billion, down from HK\$119.5 billion in the previous week.

Frenzy of IPO appeared to be subsiding. Listing candidates Anton Oilfield Services Group, cosmetics maker Bio Beauty Group and retailer Uni-President China Holdings all received lukewarm response. To prevent the stock being dumped on the first trading debut like Sinotruk in last week, China Sunshine Paper Holdings and Anton Oilfield Services Group both fixed their stocks offer price conservatively towards the lower end of their indicative ranges, while Dongyue even fixed its IPO offer price at the lowest end of the indicative range. What's more is that the mainland's largest maker of aluminium foil, Xiashun Holdings scrapped its listing plan of HK \$2.13 billion on this Monday. Nevertheless, China Railway was a standout debutant this week, which rose 27% from its offer price of HK\$5.78 and closed at HK\$7.36.

Looking forward, market spotlight should fall on the interest-rate decision in the FOMC meeting on next Tuesday. Local market could be ranged bounded between 28,500 - 29500 amid Beijing's determination to have tighten monetary policy to tame inflation.

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US & Regional Markets Weekly Update

 Remarks: (*) closing as of 6th December 2007.

Date	US Dow Jones	US NASDAQ	JAPAN Nikkei Avg	SINGAPORE STI	MALAYSIA KLSE Index	BANGKOK SET Index	TAIPEI Weighted Index
Week to							
7th December	13,619.89*	2,709.03*	15,956.37	3,549.56	1,433.77	841.39	8,722.38
30th November	13,371.72	2,660.96	15,680.27	3,521.27	1,396.98	846.44	8,586.40
Change	+248.17	+48.07	+276.10	+28.29	+36.79	-5.05	+135.98
%	+1.9%	+1.8%	+1.8%	+0.8%	+2.6%	-0.6%	+1.6%

Major Changes in Index Constituent Stocks (Week ended 7th December 2007)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @7/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Bank of East Asia	0023	HK\$53.90	+HK\$6.55	+13.83%	Appeared to be one of the favourite local bank name over the week.
Hang Seng Bank	0011	HK\$160.10	+HK\$11.80	+7.96%	Morgan Stanley raised the bank's price target to HK\$200 from HK\$160 on Thursday, citing strong asset growth, net interest margin expansion and strong fees.
China Unicom	0762	HK\$16.10	-HK\$1.98	-10.95%	An institutional investor was selling 150 million shares in the wireless provider at between HK\$16.0 and HK\$16.20, representing a discount of between 4.6% and 5.8% to their Tuesday closing price.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @7/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Maanshan Iron	0323	HK\$6.19	+HK\$0.62	+11.13%	The best performer of HSCEI this week, despite Merrill Lynch reminded investors that this stock has the lowest margin and highest sensitivity to costs vs. peers.
Dongfeng Group	0489	HK\$5.56	-HK\$0.45	-7.49%	The worst performers over the week, despite analysts from brokers like KGI securities and Lehman Brothers set a target price of HK\$5.80 for the stock.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @7/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Insurance	0966	HK\$22.85	+HK\$1.95	+9.33%	No special news on the company.
China Netcom	0906	HK\$23.35	-HK\$1.55	-6.22%	Chairman of China Netcom Group Corp. (HK) Ltd. said Spain's Telefonica S.A. was in the process of raising its holdings in the Chinese fixed-line operator to 9.9% from 5%, but investors seemed concern about the time and ways on how this could be done.

Summary of US Economic News

Indicator	Change/Index	Comments
ISM manufacturing index – November 2007	50.8	Down slightly by 0.1% in November and was higher than consensus of 50.4.
Productivity (revised) – Q3 2007	+6.3% Q-o-Q	Revised up from 4.9% and it accelerated more than forecast of 5.7% as labor costs dropped by the most in four years.
Factory orders – October 2007	+0.5% M-o-M	Above consensus of zero change, seems that the rate cut so far is fairly effective.
ISM non-manufacturing index – November 2007	54.1	Down from 55.8 the previous month, but still recorded a growth. Firms added 189,000 jobs, more than triple the amount analysts had anticipated.
Initial Jobless Claims – the week ended 1 st December 2007	338,000	Fell 15,000 to 338,000, yet still higher than Economists' expectations of 335,000 which signaled that the labor market was still worse than expected.

Forthcoming Important Announcements / Events

10 th December 2007 (Monday)	HK	: Dongyue Group Ltd (0189) – trading debut Chuang's China Investments (0298) - interim results Computime Group Ltd (0320) - interim results Hung Hing Printing Group Ltd (0450) – interim results Golden Resources Development International Ltd (0677) - interim results
	US	: Pending Home Sales Index – October 2007
11 th December 2007 (Tuesday)	HK	: Cafe de Coral Holdings Ltd (0341) -interim results Concepta Investments Ltd (1140) – interim results
	US	: Wholesale Trade (Inventories) – October 2007 FOMC Meeting Announcement
12 th December 2007 (Wednesday)	HK	: China Sunshine Paper (2002) – trading debut Chevalier International Holdings Ltd (0025) - interim results Tai Cheung Holdings Ltd (0088) - interim results Wai Yuen Tong Medicine Holdings Ltd (0897) - interim results Fu Ji Food And Catering Services Holdings Ltd (1175) - interim results
	US	: Import and Export Prices – November 2007 International Trade (Trade Deficit) – October 2007 Treasury Budget – November 2007
13 th December 2007 (Thursday)	HK	: ABC Communications (Holdings) Ltd (0030) – interim results Mongolia Energy Corporation Ltd (0276) - interim results Modern Beauty Salon Holdings Ltd (0919) - interim results Kingmaker Footwear Holdings Ltd (1170) - interim results
	US	: Initial Jobless Claims – the week ended 8 th December 2007 Producer Price Index – November 2007 Retail Sales – November 2007 Business Inventories – October 2007
14 th December 2007 (Friday)	HK	: Bio Beauty Group Limited (3332) – trading debut Anton Oilfield Services Group (3337) – trading debut AMS Public Transport Holdings Ltd (0077) – interim results Far East Consortium International Ltd (0035) - interim results Far East Hotels and Entertainment Ltd (0037) - interim results Hon Kwok Land Investment Co Ltd (0160) - interim results Industrial Production – 3Q 2007 results Producer Price – 3Q 2007 results
	US	: Bear Stearns Cos Inc – 4Q results Lehman Brothers Holdings Inc – 4Q results Consumer Price Index – November 2007 Industrial Production – November 2007



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